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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:	*	
RANDALL'S ISLAND FAMILY GOLF	*	Chapter 11
CENTERS, INC., ET AL.		Case Nos: 00 B 41065 (SMB)
	*	Through 00 B 41196 (SMB)
Debtors.		Jointly Administered
	*	
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STATEMENT OF ARREARS

Mid-Atlantic Golf Properties, Inc. ("Mid-Atlantic"), by counsel, hereby files its Statement of Arrears pursuant to the Bidding Procedures established in the above-captioned cases, and states:

1. On or about January 11, 2001, the Debtor filed a Motion for Order Pursuant to Sections 105, 363, 365 and 1146 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006 and 6007 . . . Authorizing and Approving . . . (ii) Assumption, Sale and Assignment of Certain Leasehold Interests (the "Debtor's Motion") In the Debtor's Motion, the Debtor lists the GBCG-College Park facility located at 4896 University Boulevard, College Park, Maryland 20740 as a leasehold interest it desires to sell. The arrearages that the Debtor has to cure to assume and assign the lease are set forth below.

2. On or about November 20, 1996, Mid-Atlantic, formerly known as Public Country Clubs, Inc., entered into an agreement with Golden Bear Golf Centers, Inc. (the

“Agreement”). Upon information and belief, Golden Bear Golf Centers, Inc. was acquired by GBGC Family Golf Centers, Inc. (hereinafter “Debtor”) in or about late 1998 or early 1999.

3. In the Agreement, the Debtor agreed to assume the existing lease of real property between Mid-Atlantic and the Maryland-National Capital Park & Planning Commission. The fees payable to Mid-Atlantic under the Agreement include the fees due under a Finder’s Fee Agreement (the “Finder’s Fee Agreement”) and a Consulting Services Agreement (the “Consulting Agreement”).

4. On or about December 24, 1996, Mid-Atlantic executed the Consulting Agreement with Golden Bear Golf Centers, Inc. A copy of the Consulting Agreement is attached hereto as **Exhibit 1**.

5. Pursuant to the terms of the Consulting Agreement, the Debtor agreed to pay Mid-Atlantic seventy-five thousand dollars (\$75,000) for the first year of the contract and fifty thousand dollars (\$50,000) annually thereafter, in addition to an annual bonus based upon stated performance objectives.

6. From May 1999 to the filing of the Petition, Mid-Atlantic has provided consulting services and invoiced the Debtor on July 2, 1999, September 6, 1999, November 1, 1999, February 1, 2000, April 1, 2000, and May 1, 2000, copies of which are attached hereto as **Exhibit 2**. The total amount of the invoices due and owing at the time of the filing of the Petition is fifty thousand dollars (\$50,000.00).

7. Additionally, although the Debtor paid Mid-Atlantic post-petition for the amounts due and owing in May, June and July 2000, the Debtor has not made post-petition payments for August through December 2000. See Invoices attached as **Exhibit 3**. Accordingly, the total amount of post-petition invoices due and owing for consulting services is sixteen thousand six

hundred sixty-six dollars and sixty-eight cents (\$16,666.68). The total amount of payments due under the Consulting Agreement to make the payments current is \$66,666.68.

8. In addition to the \$66,666.68 due under the Consulting Agreement, the Debtor is also obligated under the Agreement for amounts owed to Mid-Atlantic pursuant to an executed Finder's Fee Agreement.

9. On or about December 24, 1996, pursuant to the lease Agreement, the Debtor executed the Finder's Fee Agreement in favor of Mid-Atlantic. The Finder's Fee Agreement is attached hereto as **Exhibit 4**. Fees under the Finder's Fee Agreement are established based upon annual gross revenues of the Debtor and/or the Debtor's EBITA. Mid-Atlantic has requested this information from the Debtor, but the Debtor has failed to respond to this request. See Exhibit 5. Accordingly, the Debtor is in default under the Finder's Fee Agreement and the lease Agreement, and Mid-Atlantic demands the amounts earned under the Finder's Fee Agreement. Based on the Debtor's pre-agreement financial projections, see Exhibit 6, Mid-Atlantic believes the fees due under the Finder's Fee Agreement are no less than \$207,200 per year. The Debtor failed to pay this fee provided in the Finder's Fee Agreement in 1999 and 2000. Therefore, the total amount under the Finder's Fee Agreement in arrears is \$414,400.

WHEREFORE, the Debtor is in default under the Agreement covering the property located at 4896 University Boulevard, College Park, Maryland 2074 in the amount of \$66,666.68 plus \$414,400.00 due under the Finder's Fee Agreement, which is calculated based on the Debtor's pre-agreement projected financial figures. The total arrearage amount under the Agreement is \$481,066.68.

/s/ Kenneth Oestreicher
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Inc.

CERTIFICATE OF SERVICE

I certify that on this 26th day of January, 2001, a copy of the foregoing Statement of Arrears was sent
via facsimile and Federal Express overnight delivery to:

Debtors, c/o Family Golf Centers, Inc.
Attention: Philip J. Gund
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